

Vodacom Group Limited

Investment case



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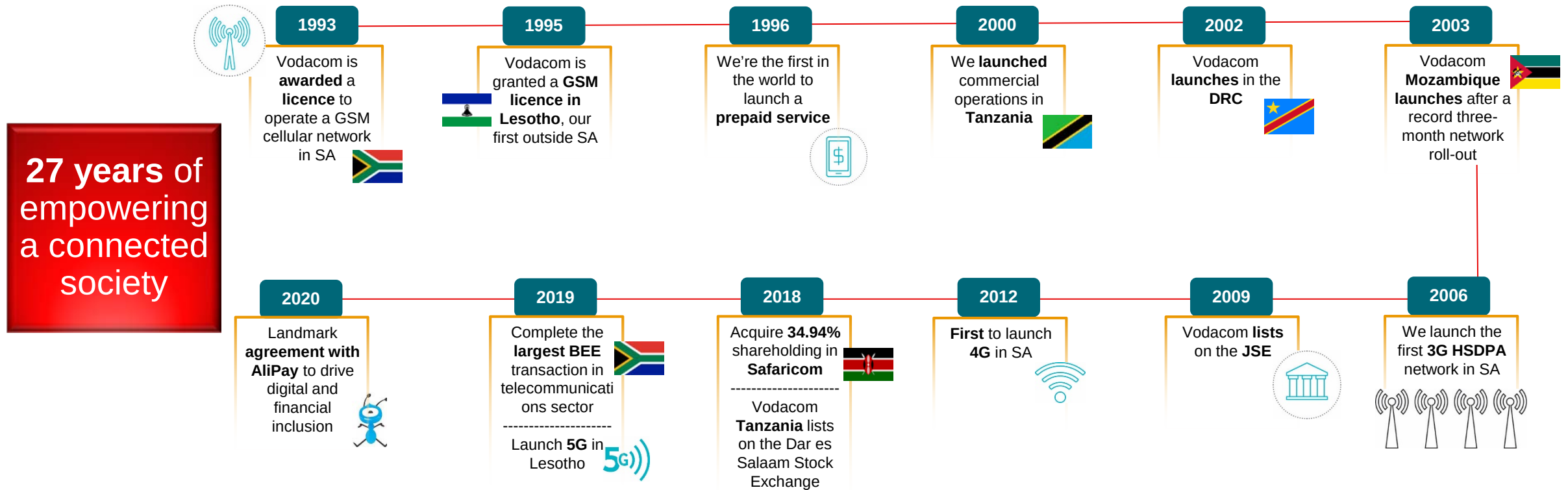
This presentation also contains forward-looking statements which are subject to risks and uncertainties because they relate to future events. These forward-looking statements include, without limitation, statements in relation to the Group's projected financial results. Some of the factors which may cause actual results to differ from these forward-looking statements are discussed on slide 22 of this presentation.

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Who we are

Vodacom is a leading and purpose-led African connectivity and financial services company. The Group, including Safaricom¹, serves 120 million customers spanning across the consumer and enterprise segments and offers a wide range of services, including: telecommunication, IT, digital and financial services.



1. Vodacom Group has a proportionate stake of 34.94% in Safaricom. Customers are inclusive of 100% of Safaricom's customers.



Share information

JSE Ticker symbol	VOD
ADR code	VDMCY
Stock exchange	JSE Limited
Shares in issue	1 835 864 961
Freefloat ¹	20.2%
52 week low and high ²	R90.70 – R139.35
Market capitalisation ²	R206.6 billion
Transfer agent	ComputerShare

1. Excludes Vodafone Group Plc and Public Investment Corporation Holdings (greater than 10% shareholding), and YeboYethu (BEE shareholding)
 2. As at 7 December 2020

Indices we are part of

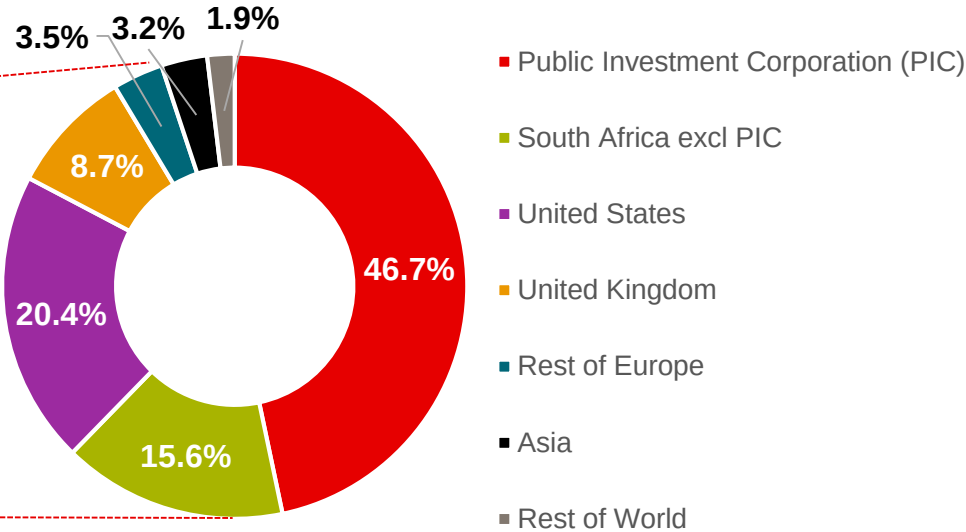
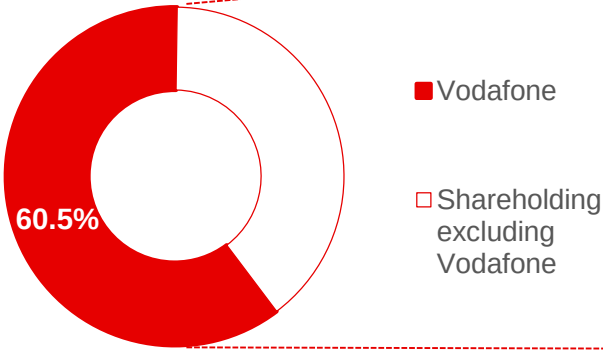


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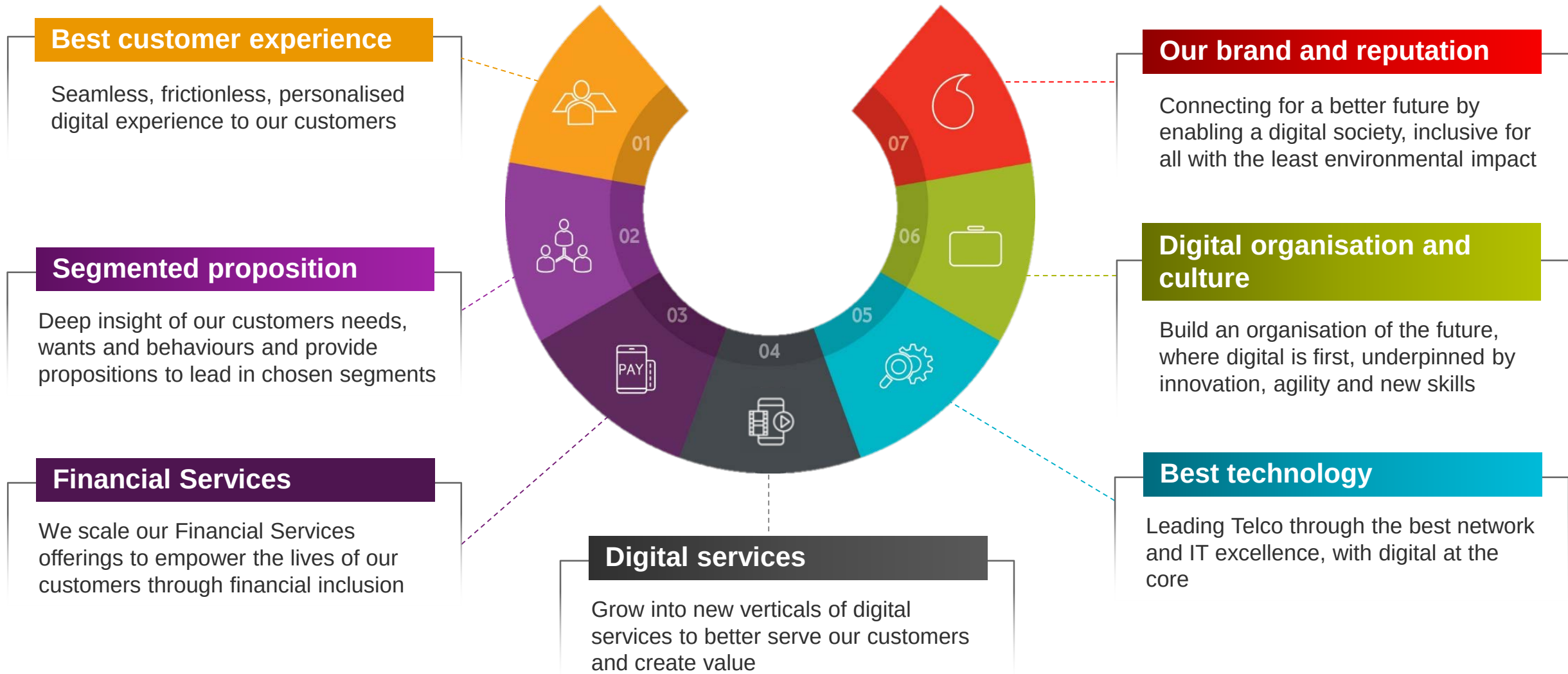


Institutional shareholding as at 31 October 2020

Shareholding as at 31 October 2020



Our strategy



Four reasons to invest in Vodacom

1

Market leader, supporting:

- High ROCE
- Access to 120m customers

2

Twinning telco and tech-co, to:

- Capture more opportunities
- Drive financial and digital inclusion

3

Reputable management, that is:

- Incentivised to create value
- Strong execution track record

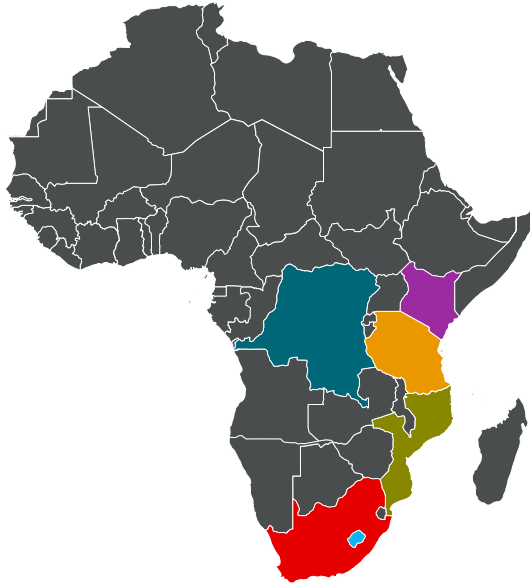
4

Responsible corporate, which:

- Is purpose-led
- Recognised as an ESG leader



1 | Market leader | **Wherever we are**



South Africa



Population ¹	59.3 million
Customers (90-day active)	42.9 million
Revenue	R36.7 billion
Smartphone user penetration	52.6%
Financial services user penetration	35.0%
3G population coverage	99.9%

Tanzania



Population ¹	59.7 million
Customers (90-day active)	15.0 million
Revenue	R3.6 billion
Smartphone user penetration (30-day active)	27.1%
M-Pesa user penetration (30-day active)	56.1%
3G population coverage	89.8%

DRC



Population ¹	89.6 million
Customers (90-day active)	14.5 million
Revenue	R4.2 billion
Smartphone user penetration (30-day active)	19.8%
M-Pesa user penetration (30-day active)	23.0%
3G population coverage	52.1%

Mozambique



Population ¹	31.3 million
Customers (90-day active)	7.7 million
Revenue	R3.0 billion
Smartphone user penetration (30-day active)	56.9%
M-Pesa user penetration (30-day active)	68.3%
3G population coverage	67.3

Lesotho



Population ¹	2.1 million
Customers (90-day active)	1.5 million
Revenue	R0.6 billion
Smartphone user penetration (30-day active)	62.3%
M-Pesa user penetration (30-day active)	53.8%
3G population coverage	98.5%

Safaricom³ (Kenya)



Population ¹	53.8 million
Customers (90-day active)	38.1 million
Net profit from associate	R2.5 billion
Smartphone user penetration (30-day active)	52.4%
M-Pesa user penetration (30-day active)	88.4%
3G population coverage	95%

Information is for the six months ended 30 September 2020.

1. The Bureau of Economic Research for SA and Fitch Solutions for all other countries (Extraction date: October 2020).

2. 2G population coverage.

3. Vodacom Group has a proportionate stake of 34.94% in Safaricom.



2 | Twinning telco and tech-co | **Eco-system approach enhances growth prospects**

Core

-  Voice mobile
-  Vodacom fibre
-  Just-4-U
-  M-Pesa

Accelerators

-  Unified communications
-  Cloud and hosting
-  SD-WAN
-  Vodacom IoT
-  Security solutions
-  SME platform
-  VodaTrade
-  Airtime Advance
-  Lipa Kwa M-Pesa
-  M-Pawa
-  Short/long term insurance
-  Acquiring and issuing
-  VideoPay
-  MyMuze
-  PlayInc
-  Advertising
-  V-Accelerator
-  API Pulse
-  mHealth
-  mAgriculture
-  eSchool
-  ConnectU
-  Mum and Baby

Opportunity

-  Africa and wholesale
-  Advance Me
-  Data as a service
-  AliPay/VodaPay

Vodabucks rewarding loyalty

Enablers

#LOVEDATA



GDSP



Partners

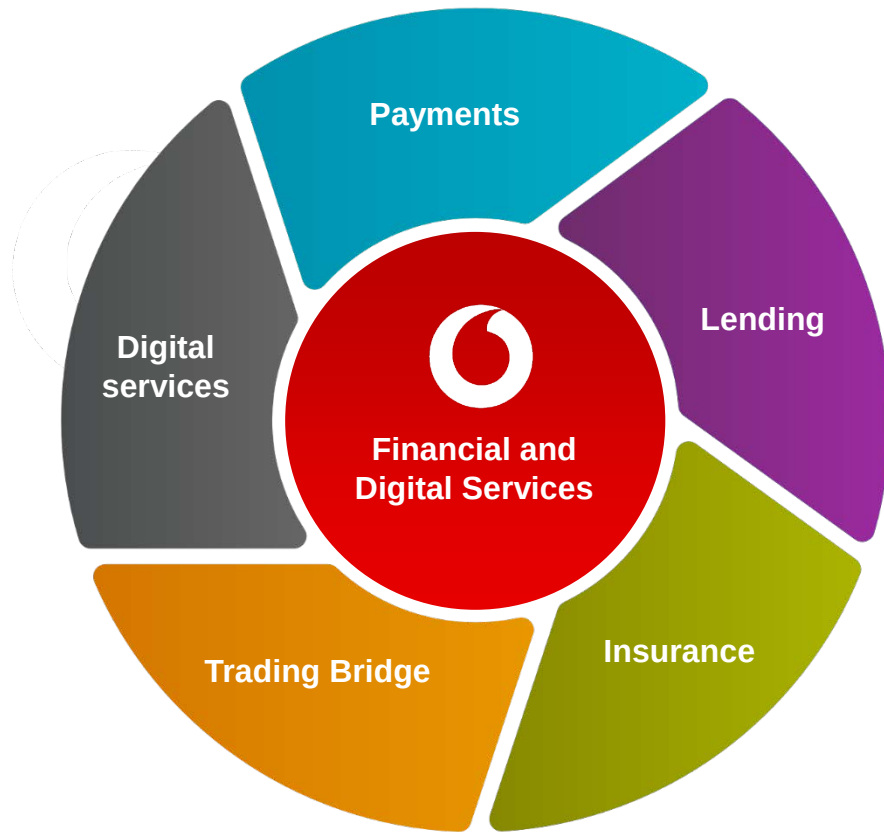
- Facebook
- Google
- Microsoft
- Amazon



2 | Twinning telco and tech-co | **Financial and digital services**

Connected Lifestyle

One click service provider



Predict the customer's need and proactively offer our products & services at the right time

Personalised pricing and propositioning based on rich data and insights

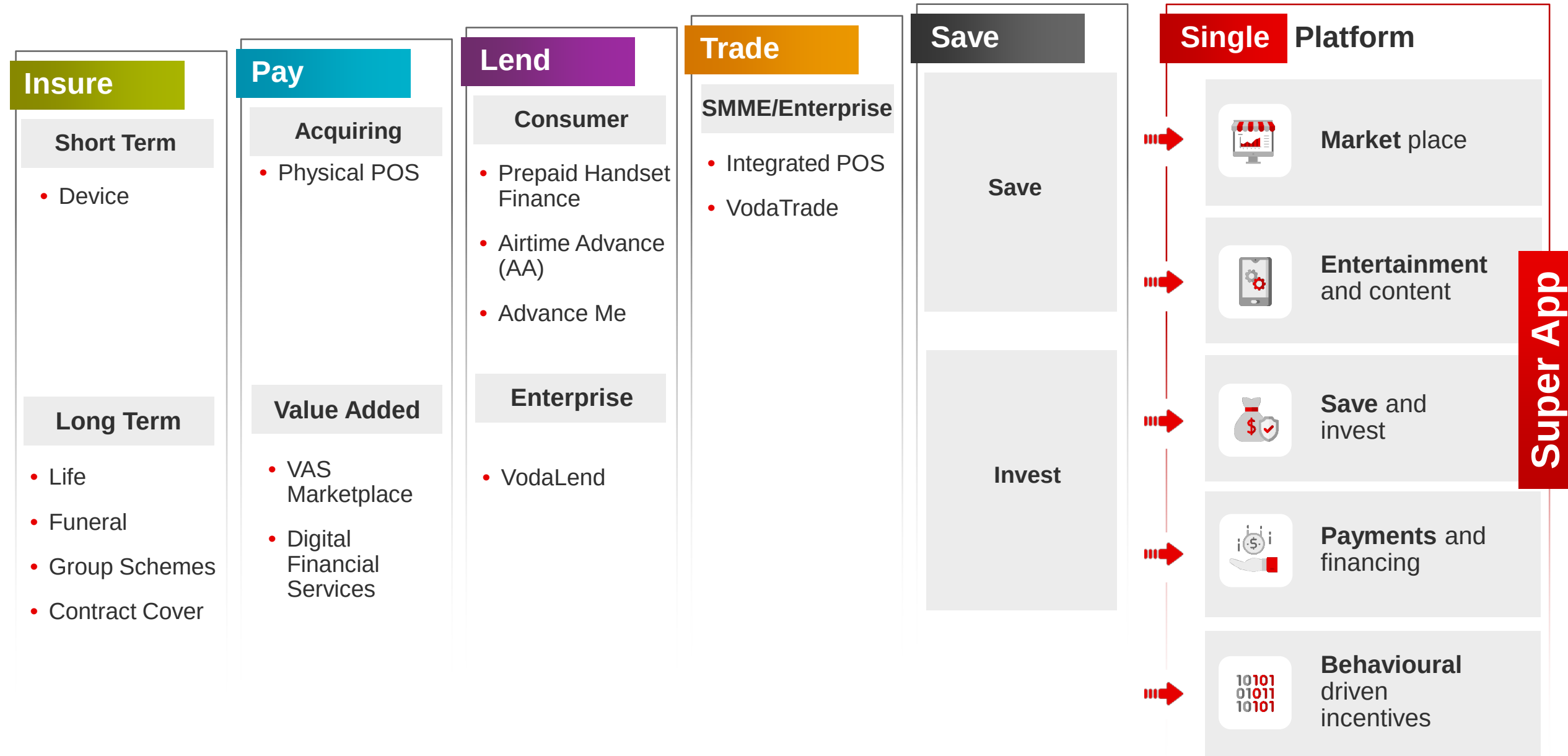
Real-time behavioural recommendations

Tailored for all segments, **consumer & business**

It's **end-to-end mobile / digital**



2 | Twinning telco and tech-co | **Financial services in South Africa**



2 | Twinning telco and tech-co | M-Pesa the leading FinTech platform in Africa



Mobile transfers and core services

- Agent deposit & withdraw
- Person to Person (P2P) transfers and interoperability
- Airtime and bundles, including J4U offers
- International Money Transfer (IMT)

Enterprise payments

- Bank to M-Pesa transfers
- Bill payment and collections
- Disbursements (e.g. salary payments, social welfare, NGO cash transfer programmes)

Financial services

- Micro-savings and loans
- Overdraft facilities
- Handset financing
- Agent and merchant loans
- Group savings and loans
- Micro-insurance
- Financial management tools

Mobile commerce

- Merchant acceptance (in-store and online)
- B2B payments and "cashless distribution"
- Digital marketplaces
- Loyalty and promotions
- Ticketing
- Global payments partnerships

1. Vodacom Group has a proportionate stake of 34.94% in Safaricom. Numbers are inclusive of 100% of Safaricom..



3 | Reputable management | **Group structure**

Vodacom Group



Chief Executive Officer
Shameel Joosub

Group Functions



Group Finance
Raisibe Morathi



Group Technology
Dejan Kastelic



Group Financial and
Digital Services
Mariam Cassim



Group Human Resources
Matimba Mbungela



Group Legal & Compliance
Nkateko Nyoka



Group Strategy and M&A
Puso Manthata



Interim MD M-Pesa Africa
Sitoyo Lopokolyit

Operating Companies



Vodacom South Africa
Balesh Sharma




Safaricom
Peter Ndegwa




Vodacom International
Diego Guitierrez




4 | Responsible corporate | **Purpose-led organisation**

Purpose

We connect for a better future



Digital Society

Affordable internet for all
Digital solutions that transform lives
Financial inclusion



Inclusion for all

Diversity (incl. women)
Education Ecosystem (incl. youth)
SMEs



Planet

Energy Mix, Water, Waste
Biodiversity



**2nd in Global Telcos as
per Sustainalytics**



Telco 1st

Secured a sustainability-linked loan worth
R2 billion with Standard Bank

Vodacom in numbers



Latest | FY1H21 results for the six months ended 30 September 2020

Key highlights

- Group revenue up 7.8% (4.7%*) to R47.8 billion, underpinned by service revenue growth of 7.0% (3.4%*)
- South Africa service revenue grew 7.1% driven by an acceleration in customer service revenue in the second quarter
- Added 4.1 million customers to serve a combined 120 million customers across the Group, including Safaricom
- Total financial services customers, including Safaricom, up 12.6% or 6.1 million to 54.8 million
- Earnings per share up 15.6% and headline earnings per share up 15.7% boosted by a one-off deferred tax rate adjustment of R0.7 billion in the period
- Free cash flow up 92.1% to R5.3 billion, reflects growth in cash generated from operations and the timing of the Safaricom dividend receipt
- Declared interim dividend of 415cps up 9.2% supported by headline earnings growth from our consolidated companies and the Safaricom dividend receipt
- Medium-term targets reinstated

* Normalised growth presents performance on a comparable basis. This excludes merger, acquisition and disposal activities where applicable, tax related adjustment where applicable and adjusting for trading foreign exchange, foreign currency fluctuation on a constant currency basis (using the current period as base) to show a like-for-like comparison of results.

Key numbers

R million	FY1H21	FY1H20	Reported % change	Normalised % change
Group				
Revenue	47 844	44 389	7.8	4.7
Service revenue	38 515	36 003	7.0	3.4
EBITDA	19 433	18 166	7.0	5.1
Net profit from associate	2 571	1 673	53.7	(6.0)
Net debt	36 644	35 180	4.2	
Free cash flow	5 280	2 749	92.1	
Interim dividend	415	380	9.2	
South Africa				
Service revenue	27 618	25 797	7.1	
Financial services revenue	1 131	984	15.0	
Customers	42 862	43 857	(2.3)	
Data customers	22 300	21 420	4.1	
International				
Service revenue	11 409	10 780	5.8	(5.2)
M-Pesa revenue	2 210	1 937	14.1	(1.4)
Customers	38 600	36 587	5.5	
Data customers	20 442	19 678	3.9	



Five-year track record | For the year ended 31 March

	2020 ¹	2019 ²	2018	2017	2016	20/19 % change	5-year CAGR %
Service revenue (R million)	73 354	69 867	70 632	68 286	66 763	5.0	2.4
Revenue (R million)	90 746	86 627	86 370	81 278	80 077	4.8	3.2
EBITDA (R million)	37 610	33 714	32 898	31 238	30 345	11.6	5.5
Operating profit (R million)	27 711	24 490	24 252	21 750	21 059	13.2	7.1
Operating free cash flow (R million)	21 782	21 643	21 117	19 555	16 523	0.6	7.2
Free cash flow (R million)	16 284	14 865	14 195	11 404	9 276	9.5	15.1
Capital expenditure (R million)	13 218	12 957	11 594	11 292	12 875	2.0	0.7
Net debt (R million)	35 180	23 354	19 892	22 484	21 287	50.6	13.4
Headline earnings per share (cents)	945	868	923	923	883	8.9	1.7
Dividend per share ³ (cents)	845	795	815	830	795	6.3	1.5
EBITDA margin (%)	41.4	38.9	38.1	38.4	37.9		
Effective tax rate (%)	27.8	29.7	29.6	31.7	31.5		
Net debt/EBITDA (times)	0.9	0.7	0.6	0.7	0.7		
Capex intensity (%)	14.6	15.0	13.4	13.9	16.1		
Return on capital employed (%)	23.2	24.6	30.5	45.4	48.2		

1. IFRS 16 was adopted on 1 April 2019 on a forward-looking basis.

2. IFRS 15 was adopted on 1 April 2018 on a forward-looking basis.

3. Total dividend declared for the financial year. The total dividend for 31 March 2020 includes a special dividend of 60cps.



Dividend policy | **Payment history**

The Board maintains its dividend policy of paying at least 90% of adjusted headline earnings which excludes the contribution of the attributable net profit or loss from Safaricom and any associated intangible amortisation. In addition, the Group intends to distribute any dividend it receives from Safaricom, up to a maximum amount of the dividend received, net of withholding tax.

	Ex-dividend date	Payment date	Dividend declared (cents per share)	Dividend declared (Rm)
Interim dividend number 1	30 November 2009	7 December 2009	110	1 637
Final dividend number 2	28 June 2010	5 July 2010	175	2 604
Interim dividend number 3	29 November 2010	6 December 2010	180	2 678
Final dividend number 4	27 June 2011	4 July 2011	280	4166
Interim dividend number 5	28 November 2011	5 December 2011	260	3 869
Final dividend number 6	18 June 2012	25 June 2012	450	6 696
Interim dividend number 7	26 November 2012	3 December 2012	355	5 282
Final dividend number 8	24 June 2013	1 July 2013	430	6 398
Interim dividend number 9	25 November 2013	2 December 2013	395	5 877
Final dividend number 10	23 June 2014	30 June 2014	430	6 398
Interim dividend number 11	24 November 2014	1 December 2014	375	5 580
Final dividend number 12	22 June 2015	29 June 2015	400	5 952
Interim dividend number 13	30 November 2015	7 December 2015	395	5 877
Final dividend number 14	20 June 2016	27 June 2016	400	5 952
Interim dividend number 15	30 November 2016	5 December 2016	395	5 877
Final dividend number 16	21 June 2017	26 June 2017	435	6 473
Interim dividend number 17	29 November 2017	4 December 2017	390	6 714
Final dividend number 18	20 June 2018	25 June 2018	425	7 316
Interim dividend number 19	28 November 2018	3 December 2018	395	7 252
Final dividend number 20	19 June 2019	24 June 2019	400	7 343
Interim dividend number 21	27 November 2019	2 December 2019	440 [#]	8 078 [#]
Final dividend number 22	24 June 2020	29 June 2020	405	7 438
Interim dividend number 23	2 December 2020	7 December 2020	415	7 631

Includes a special dividend of 60cps or R1 101 million declared by Safaricom PLC.



Calendar and contacts



More information

Visit our website for more information <http://www.vodacom.com>

2021 upcoming dates

VodaPay presentation 26 January 2021

3Q21 results 2 February 2021

FY21 results 17 May 2021

1Q22 results 29 July 2021

1H22 results 15 November 2021

Contact us

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Interim results

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2020

[2019](#)

[2018](#)

[2017](#)

[2016](#)

[2015](#)

[2014](#)

Interim results as at 30 September 2020

The live interim results presentation will be broadcast on Business Day TV (channel 412) and on webcast on 16 November 2020 at 11:00 (SA time).

Webcast link: www.vodacom.com

Vodacom Group CEO, Shameel Joosub, will also be hosting an investor conference call at 16:00 (SA time), 14:00 (London time) and 09:00 (New York time) on Monday 16 November 2020.

For conference call details please click [here](#)



Definitions

Customers

Customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.

Data customers

Data customers are based on the number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate APNs, and users who have been allocated a revenue generating data bundle during the month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month.

M-Pesa customers

M-Pesa customers are based on the number of unique users who have generated revenue related to M-Pesa during the last month.

ARPU

Total ARPU is calculated by dividing the sum of the customer and incoming revenue for the period by the average monthly active customers during the period.

EBITDA

Earnings before interest, taxation, depreciation and amortisation, impairment losses, profit/loss on disposal of investments, property, plant and equipment, and intangible assets, profit/loss from associate and joint venture, restructuring cost and BEE income/charge.

Free cash flow

Cash generated from operations less additions to property, plant and equipment and intangible assets, proceeds on disposal of property, plant and equipment and intangible assets, tax paid, net finance charges paid and net dividends received/paid and movements in amounts due to M-Pesa account holders.

South Africa

Vodacom (Pty) Limited, a private limited liability company duly incorporated in accordance with the laws of South Africa and its subsidiaries, joint ventures and SPV's.

International

International comprises the segment information relating to the non-South African-based cellular networks in Tanzania, the Democratic Republic of Congo, Mozambique and Lesotho as well as the operations of Vodacom International Limited (Mauritius) and Vodacom Business Africa Group (Pty) Limited and its subsidiaries.

MOU

Minutes of use per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.

Normalised growth (*)

Normalised growth presents performance on a comparable basis. This excludes merger, acquisition and disposal activities where applicable, tax related adjustments where applicable and adjusting for trading foreign exchange, foreign currency fluctuation on a constant currency basis (using the current period as base), to show a like-for-like comparison of results.

Operating free cash flow

Cash generated from operations less additions to property, plant and equipment and intangible assets other than licence and spectrum payments and purchases of customer bases, net of proceeds on disposal of property, plant and equipment and intangible assets, other than license and spectrum payments and disposals of customer bases and movements in amounts due to M-Pesa account holders.

HEPS

Headline earnings per share.



Forward-looking statements

This presentation contains 'forward-looking statements', which have not been reviewed or reported on by the Group's auditors, with respect to the Group's financial condition, results of operations and businesses and certain of the Group's plans and objectives. In particular, such forward-looking statements include statements relating to: the Group's future performance; future capital expenditures, acquisitions, divestitures, expenses, revenues, financial conditions, dividend policy, and future prospects; business and management strategies relating to the expansion and growth of the Group; the effects of regulation of the Group's businesses by governments in the countries in which it operates; the Group's expectations as to the launch and roll out dates for products, services or technologies; expectations regarding the operating environment and market conditions; growth in customers and usage; and the rate of dividend growth by the Group.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "will", "anticipates", "aims", "could", "may", "should", "expects", "believes", "intends", "plans" or "targets" (including in their negative form). By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: changes in economic or political conditions in markets served by operations of the Group; greater than anticipated competitive activity; higher than expected costs or capital expenditures; slower than expected customer growth and reduced customer retention; changes in the spending patterns of new and existing customers; the Group's ability to expand its spectrum position or renew or obtain necessary licences; the Group's ability to achieve cost savings; the Group's ability to execute its strategy in fibre deployment, network expansion, new product and service roll-outs, mobile data, Enterprise and broadband; changes in foreign exchange rates, as well as changes in interest rates; the Group's ability to realise benefits from entering into partnerships or joint ventures and entering into service franchising and brand licensing; unfavourable consequences to the Group of making and integrating acquisitions or disposals; changes to the regulatory framework in which the Group operates; the impact of legal or other proceedings; loss of suppliers or disruption of supply chains; developments in the Group's financial condition, earnings and distributable funds and other factors that the Board takes into account when determining levels of dividends; the Group's ability to satisfy working capital and other requirements; changes in statutory tax rates or profit mix; and/or changes in tax legislation or final resolution of open tax issues.

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